

## Message Text

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73

ACTION PM-03

INFO OCT-01 EUR-12 ISO-00 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 MC-02 EB-07 TRSE-00 OMB-01 L-02 COME-00

ACDA-05 DODE-00 NSCE-00 SSO-00 USIE-00 INRE-00 /062 W

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O 181917Z FEB 75

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 3172

SEC DEFENSE WASHDC IMMEDIATE

USDAF WASHDC IMMEDIATE

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY THE HAGUE

C O N F I D E N T I A L BRUSSELS 01381

E.O. 11652: GDS

TAGS: MASS, MARR, BE

SUBJECT: F-104 REPLACEMENT

REF: BRUSSELS 1382

HERE ARE THE QUESTIONS TO THE U.S. THAT WERE AGREED YESTERDAY  
BY THE FOUR DEFENSE MINISTERS AND THAT WILL BE COMMUNICATED  
OFFICIALLY TO THE U.S. BY THE NORWEGIAN DEFENSE MINISTER.  
PROCEDURAL MATTERS ARE DEALT WITH IN THE IMMEDIATELY FOLLOWING  
TELEGRAM.

1. PRICES.

WILL YOU GUARANTEE TO THE FOUR COUNTRIES THAT THE "NOT TO  
EXCEED" PRICE WILL BE MAINTAINED UNDER THE FOLLOWING CIR-  
CUMSTANCES:

A. IN CASE OF SERIOUS FINANCIAL DIFFICULTIES FOR THE  
PRIME CONTRACTORS.

B. IN CASE THE USAF TOTAL BUY WILL BE LESS THAN 650 A/C.

C. IN CASE THAT THE FOUR COUNTRIES BUY WILL BE LESS THAN  
348 A/C.

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D. IN CASE OF DELAYS IN THE PRESENTLY FORESEEN DELIVERY

ACHEDULE.

E. IN CASE OF INCREASES IN THE EXPECTED PRICES FOR THE RADAR AND GFAE.

2. COMPETITIVENESS.

A. AS A COMMITTEE OF ARBITRATION WOULD BE EMPOWERED, ON A CASE BY CASE BASIS, TO SETTLE ANY DISPUTES WHICH MAY ARISE REGARDING THE TERM "REASONABLY COMPETITIVE," WHAT WOULD BE THE INSTRUCTIONS AND POWERS OF THIS COMMITTEE?

B. IN A CASE WHERE, AS A RESULT OF THIS "REASONABLY COMPETITIVENESS" THE CO-PRODUCTION PERCENTAGES FORESEEN (40-10-15PERCENT) WERE TO BE DISPUTED, HOW WILL THE US GOVERNMENT PROPOSE TO ATTAIN THE GUARANTEED LEVELS OF CO-PRODUCTION OF 58 PERCENT FOR 1000 A/C AND OF 80 PERCENT FOR 1500 AIRCRAFT?

C. IS THE US GOVERNMENT PREPARED TO CONTINUE CO-PRODUCTION ON THE SAME BASIS BEYOND THE 100PERCENT COMPENSATION WITHOUT ANY RESTRICTIONS FOR THE AIRCRAFT TO BE PROVIDED FOR THE USAF AND THIRD COUNTRIES?

D. IS THE US GOVERNMENT PREPARED TO CHARGE TO ALL THIRD COUNTRIES A STANDARD PRICE BASED ON A EUROPEAN CO-PRODUCTION OF 15PERCENT OF THESE AIRCRAFT?

3. UNCERTAINTY WITH REGARD TO THE RATE OF EXCHANGE OF THE DOLLAR AND THE PRICE ESCALATION.

A. IN VIEW OF THE FACT THAT THERE IS NO CEILING IN THE PRICE ESCALATION IN THE US OFFER, WHAT ARE THE FORECAST OF THE US GOVERNMENT WITH REGARD TO THE PRICE ESCALATION IN THE AERONAUTICAL SECTOR.

B. TO WHAT EXTENT IS THE US GOVERNMENT WILLING TO PERMIT THAT THE CONTRACT BE CONCLUDED IN THE NATIONAL CURRENCIES OF THE FOUR COUNTRIES OR TO ACCEPT OTHER FORMULAE TO LIMIT THE MONETARY RISKS.

4. PROGRAM MANAGEMENT.

IS THE US GOVERNMENT PREPARED TO HAVE THE FOUR COUNTRIES PARTICIPATE IN ALL DECISIONS WHICH MIGHT RESULT IN AN INCREASE IN THE "NOT TO EXCEED" PRICE? IS THE US GOVERNMENT WILLING TO ACCEPT THAT THE FOUR COUNTRIES IN CASE OF NO ACCEPTANCE- WILL NOT HAVE TO BEAR ANY FINANCIAL CONSEQUENCES.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY AIRCRAFT, MILITARY ASSISTANCE AGREEMENTS, MILITARY POLICIES, MILITARY PLANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Executive Order:** GS  
**Errors:** N/A  
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**Reference:** 75 BRUSSELS 1382  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** F-104 REPLACEMENT  
**TAGS:** MASS, MARR, BE, UN  
**To:** STATE DAF  
**Type:** TE  
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